

ARTICLE 3 - PARTIES TO AGREEMENT

The Parties to this Agreement are U.S.-flag ocean common carriers engaged in freight transportation services:

American President Lines, Ltd.
1111 Broadway
Oakland, CA 94607

A.P. MOLLER-MAERSK SEALAND
50, Esplanadan
DK-1098, Copenhagen
Denmark

ARTICLE 4 - GEOGRAPHIC SCOPE OF AGREEMENT

This Agreement covers the trades and various sub-trades (collectively, the "Trade") between ports and points in the Far East and ports in the United States (including its commonwealths, territories and possessions) and interior and coastal points in the United States via such U.S. ports. For purposes of this

Agreement, "Far East" means the foreign countries, and portions thereof, included in the Pacific Basin, Indian Ocean, Persian Gulf and Red Sea regions that extend from Japan and the Eastern U.S.S.R. in the north, to Southern Asia, the Philippines and Malaysia/Indonesia in the south, and to Southwest Asia from the Suez Canal to Burma, inclusive, Sri Lanka and Africa on the Red Sea and Gulf of Aden, as encompassed by Trade Route Nos. 12, 17, 18, 22, 28 and 29 defined by the U.S. Maritime Administration in United States Oceanborne Foreign Trade Routes, MarAd/DOT (August 1986).

ARTICLE 5: AGREEMENT AUTHORITY

5.1 This Agreement authorizes the Parties to discuss, consider, exchange information and data and, where possible, agree upon and/or present, jointly and/or separately, U.S.-flag positions pertaining to the following matters of mutual interest:

(a) Cargo movements, seasonality and other fluctuations of traffic flows and related data bearing on the level and frequency of liner services, particularly U.S.-flag liner services, required by the shipping public.

(b) Practices in connection with the receipt, carriage and delivery of cargo, including cargo classifications

and cargo space accommodations, and, the operation by the Parties and other carriers, of vessels, equipment and facilities in the Trade.

(c) Performance of joint surveys of Trade conditions and needs, present and future, including, for example, exchange of operating cost data.

(d) Effectiveness and responsiveness of self-policing systems and related costs and contracts; development of specific evidence of suspected illegal pricing activities, and other means of identifying and eliminating malpractices in the Trade.

(e) Cooperative working arrangements; liner pools; fuel and energy requirements; environmental controls; economic, political and fiscal policies; port development; and commercial and governmental practices affecting U.S.-flag liner services or access to cargo in the Trade.

(f) Cost of service relating to cargo moving in the Trade and transportation rates, including through rates, and surcharges, conditions of carriage, rules, practices and tariffs and service contracts therefor; provided, however, that the Parties do not intend to discuss rates, rules, costs, or conditions of carriage of cargo shipped within the Defense Transportation System or offers to perform transportation services within that system. ~~relating to Department of Defense cargo shipped by the Military Sealift Command, which are specifically excluded from the scope of this Agreement.~~

(g) Practices, rate structures and policies relating to the interchange of traffic with other carriers; provided, however, that to the extent intermodal transportation is involved, the Parties do not intend to discuss inland divisions (as distinct from inland portions) of through routes within the United States.

(h) Any matter within the scope of agreements effective under the Shipping Act of 1984 and/or other authority relating to the Trade, provided that any Party who is not a member of any such other agreement will not be privy to information or data that are confidential pursuant to such agreement.

5.2 The Parties agree that they will exchange information and data relevant to the purpose of this Agreement as may be appropriate from time to time. Absent objection from any Party, discussion hereunder and exchanges of information may be accomplished by mail, telephone, telex, telecopier and other communications systems. Nothing herein may be construed as obligating any Party to exchange such information or data, or as limiting the right of any Party to continue or to make changes in its present rates, rules and practices.

5.3 Without limitation of the authority described above, the Parties ~~will~~ may agree upon common positions and present these, jointly and/or separately, to conferences, rate agreements and other arrangements effective in the Trade, and to United States and foreign governments, departments, agencies and governmental

entities; investigate economic and competitive conditions and cooperate in joint efforts to eliminate rebating and other adverse conditions in the Trade; and, agree upon coordination of vessel sailings, chartering, joint service, pooling and other forms of rationalization of their common carrier services, and uniform or agreed rules, practices and procedures relating thereto. Nothing in this Agreement, however, authorizes the Parties to carry out any agreement that may be reached hereunder which is required to be filed under the Shipping Act of 1984, ~~(as compared with a common position that may be agreed and presented, as described herein)~~ unless separately filed and effective under the Shipping Act of 1984.

5.4 The Parties to this Agreement are also authorized to meeting together, discuss, consider, exchange information and reach agreements with the parties to the Japanese-Flag Far East-United States Discussion Agreement, FMC No. 203-010905, as amended, upon matters of mutual concern common to the scopes of the two Agreements. No agreement or understanding reached under this Agreement which is required to be filed under the Shipping Act of 1984 shall be implemented until such agreement is filed with the Federal Maritime Commission and becomes effective under the provisions of the said Act.

5.5 The Parties may establish such guidelines and procedures as they deem desirable for the implementation and administration of this Agreement. Any such guidelines and procedures will be consistent with the terms of this Agreement, and will neither expand nor diminish the authority herein. The Parties may establish guidelines relating to the terms and procedures of their individual service contracts. Any individual service contract guidelines shall be voluntary, and shall be submitted confidentially to the Federal Maritime Commission in the form and manner required by FMC regulations.

ARTICLE 6: OFFICIALS OF AGREEMENT AND DELEGATIONS OF AUTHORITY

6.1 The Parties will from time to time select or designate an Agreement Chairman. The Chairman or his designee will preside at meetings of the Agreement membership and will file minutes and other documents as may be required by the Federal Maritime Commission. The dates and locations of Agreement meetings will be at the call of the Chairman.